



City of Falls Church AFFORDABLE DWELLING UNIT (ADU) PROGRAM FACT SHEET

Housing and Human Services Division

300 Park Avenue, Suite W-100, Falls Church, Virginia 22046, Office Hours: 8am- 5pm
Tel: 703-248-5005, TTY 711, Fax: 703-248-5149, Website: www.fallschurchva.gov



ABOUT THE PROGRAM

The City established the Affordable Dwelling Unit (ADU) Program through a zoning ordinance in 2002. The program is administered by the Housing and Human Service (HHS) Division to provide affordable homeownership opportunities in the City. The ADUs are typically for-sale units such as condominiums and townhouses. The City negotiates with developers to sell these homes at a price below the market value to households with low and moderate incomes. The value and resale price of these homes is restricted for a period between 15 to 30 years. These units are located throughout the City of Falls Church.

APPLICATION PROCESS

A person who wants to purchase an ADU must apply to the Housing and Human Services Division to be certified as eligible for participation in the ADU Program. Application packets are available and accepted at Falls Church City Hall, 300 Park Ave., Suite 100W, year around. Applicants must have all required documentation when the application is submitted. Incomplete applications will not be reviewed. Applications will be stamped with the date and time of submission. Staff will review and process all complete applications based on the eligibility criteria within 4 weeks from the date of submission.

ELIGIBILITY REQUIREMENTS

Below is the summary of all requirements that applicants must meet at the time of application:

First-Time Homebuyer Status: a person who has not owned a residential property within the last three years. All members of the household must be a first-time homebuyer to be eligible for the program.

Citizenship Status: a person who is a U.S. citizen or a legal resident alien cardholder is eligible for the ADU program. A U.S. passport, U.S. birth certificate, U.S. nationalization certificate, and Resident Alien Card 1-551 are acceptable forms of documentation to qualify for the program.

Credit Score and Loan Pre-approval: a person must have a

credit score of at least **620** or higher to be qualified for the program. All applicants are required to obtain a pre-approval letter for a mortgage loan through an independent bank or lender.

Liquid Asset Eligible Limits: a household cannot have more than **\$30,000** in total liquid assets. Liquid assets are any item of value that can be readily turned into cash. Any liquid accounts that contain the name of any member of the household will be counted as part of household total liquid assets.

VHDA Homeownership Education

Program: Applicants must enroll in the Virginia Housing Development Authority (VHDA) Homeownership Education Program and submit a copy of the certificate of completion. The VHDA program helps first-time homebuyers prepare and understand the homeownership process and

classes are free and are offered year-around.

Household Income Eligible Limits:

the total **gross** household income has to be at least fifty (50) and no more than eighty (80) percent of HUD area median household income (see income limits below). All earnings before taxes for all members of the household that are 18 or older will be counted as part of the total gross household income.

FY2006 Income Limits

<i>Number of People</i>	<i>Qualifying Income Range</i>
1	\$31,605 - \$50,568
2	\$36,120 - \$57,792
3	\$40,635 - \$65,016
4	\$45,150 - \$72,240
5	\$48,762 - \$78,019

PROPERTY RESTRICTIONS

The following special provisions are attached with each Affordable Dwelling Unit:

Control Period: for a period of time, after the ADU is initially sold, the sale and assessment value of the ADU is regulated to maintain its affordable status.

Appreciation, Assessment & Resale Price: HHS will determine and regulate the appreciation and assessment value of the ADU. The ADU typically appreciates about 3% to 5% a year; therefore the assessed

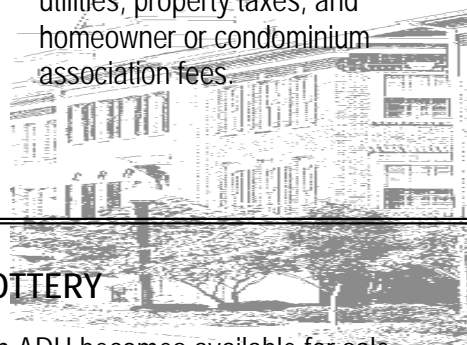
value of the ADU will be below the market value during the control period.

Occupancy Requirement: Owners of the ADU must occupy the ADU as their primary residence during the entire control period or until the unit is sold. Owners are prohibited from leasing (renting) their ADU.

Home Improvement Limits: There is no limit on the price or number of improvements. There is a cap on the dollar amount of the improvements that can be added onto the assessment value of the ADU. To maintain affordability, only the lesser

of 10% of the initial sale price of the ADU or \$10,000 worth of improvements will be counted into the resale price of the unit.

Homeownership: ADU owners have the full rights of any homeowner and may enjoy their home in what manner they deem appropriate. This also means that they have all of the responsibilities of homeownership, such as maintenance of the property, utilities, property taxes, and homeowner or condominium association fees.



CERTIFIED BUYERS LIST

Applicants that submit a complete application and meet all of the eligibility requirements of the program will be issued a **Certificate of Eligibility** to become a buyer for an ADU. The buyer's name will be placed on the **Certified Buyers List (CBL)** and assigned a priority category. The CBL is composed of 4 priority categories and within each of the categories there is a ranking order.

Priority One (City Residents that are Seniors or Persons with Disabilities):

- A. Seniors/persons w/disabilities who live in & work for the City (9 tickets).
- B. Seniors/persons w/disabilities who live in & work in the City (8 tickets).
- C. Seniors/persons w/disabilities who live in the City (7 tickets).

Priority Two (City Residents):

- D. People who live in & work for the City (6 tickets).
- E. People who live in & work in the City (5 tickets).
- F. People who live in the City (4 tickets).

Priority Three (Workers in the City):

- G. Seniors/ persons w/disabilities who work for the City (3 tickets).
- H. People who work for the City (3 tickets).
- I. Seniors /persons w/ disabilities who work in the City (2 tickets).
- J. People who work in the City (2 tickets).

Priority Four (No Relation to the City):

- K. Seniors/ persons w/disabilities who do not live & work in the City (1 ticket).
- L. People who do not live and work in the City (1 ticket).

Buyers must renew the **Certificate of Eligibility** each year to remain on the CBL and will be awarded one point for each year that they successfully renewed their application. The length of time a buyer is on the CBL may vary depending on the buyer's priority category and availability of ADUs for sale.

THE LOTTERY

When an ADU becomes available for sale, Housing and Human Services (HHS) Division will post a Sales Notice on the City's website. Staff will invite as many buyers into the Lottery as needed to ensure that there will be one buyer and two alternates for each ADU for sale.

Buyers will be invited into the lottery based on their priority category first, then ranking order, and last number of renewal points.

Each buyer receives a certain number of tickets for the lottery based on their ranking order; the higher the ranking order, the more tickets they will receive. Buyers in Priority One and Two with the highest-ranking order and renewal points will be invited first into the lottery. Priority Three and Four buyers will only be invited to the Lottery after all eligible Priority One and Two buyers have been selected for an ADU.

At the Lottery, HHS staff will be present and the Falls Church Housing Commissioners will witness the lottery selection. Buyers must be present in order to participate in the Lottery. Housing Commissioners will conduct the drawing. One buyer and two alternates will be selected for each ADU. All buyers will be drawn first; alternates will be drawn after the buyers are selected.